

**BEFORE THE
STATE OF CONNECTICUT
JOINT COMMITTEE ON ENERGY AND TECHNOLOGY**

March 7, 2013

Testimony of Daniel Allegretti

For

Exelon Corporation

On

Raised Bill No. 6532 (LCO 3849)

Members of the committee, thank you for the opportunity to present this testimony today. My name is Daniel Allegretti and I am a Vice President for State Government Affairs with Exelon Corporation (“Exelon”). Exelon supports most provisions of Raised Bill 6532 but has concerns about the proposed reporting requirements in the bill.

Exelon

By way of introduction, Exelon is a Fortune One Hundred company, headquartered in Chicago, Illinois, with operations and business activities in 47 states, the District of Columbia and Canada. Exelon owns Commonwealth Edison Company, the Baltimore Gas and Electric Company and PECO Energy Company, which combined own electric transmission and distribution systems that deliver electricity to approximately 6.6 million customers. Here in Connecticut we are best known through our retail brand, Constellation New Energy, which provides electricity directly to thousands of Connecticut businesses and residents and to over a million customers nationwide. Exelon is also the largest competitive power generator in the U.S., with approximately 35,000 megawatts of owned capacity comprising one of the nation’s cleanest and lowest-cost power generation fleets, that includes over 3,000 megawatts here in New England region. Exelon is a regular participant in the wholesale power solicitations conducted here in Connecticut and is a regular provider of Standard Service supply to CL&P and UI.

Renewable Portfolio Standards

Raised Bill No. 6532 makes a number of changes to the State's renewable portfolio standards. Exelon is pleased to support most of these changes, however, we do offer one recommendation for improvement and do have some concerns with a portion of the bill.

Geographic Scope of Eligible Resources

Raised Bill No. 6532 would expand the geographic area from which renewable resource certificates can be sourced to include a number of states located outside New England but within the northeastern U.S. Exelon supports this change. Broadening the geographic scope of eligible resources will increase our supply options and enable us to fulfill our portfolio standard obligations within Connecticut at a lower cost to our customers. Section 10 adds to eligibility resources located in most of the states within the "PJM" wholesale power market region which also have a renewable portfolio standard similar to Connecticut. We were disappointed, however, to see Exelon's home state of Illinois remains excluded. Illinois is part of the same PJM wholesale market as Pennsylvania, New Jersey Maryland and Delaware and like those states has an open retail electricity market with a renewable portfolio standard. For these reasons we encourage you to consider adding Illinois to the list of potentially eligible source states in Section 10.

Information Reporting Requirements

The provisions of the bill which concern Exelon are the reporting requirements contained in Section 12. The goals and value of these reporting requirements are far

from clear and the burdens they impose are significant. We recommend section 12 be removed altogether or, at a minimum, be modified to address some of the consequences it will create.

First, the reporting of price, source and quantity data for individual transactions requires the submission of information which is by nature competitively sensitive, proprietary and trade secret. Public disclosure of this data would be harmful both to the market and market participants. While we acknowledge that some degree of market transparency is helpful to promote price discovery, we are also concerned that too much transparency can lead to unintended consequences. For example, a certificate seller may refuse to discount its price for fear that publication of the sale price will deprive it of the ability to negotiate any other price in the future. For these reasons, we recommend that if Section 12 is included in the bill that it be amended to include a direction to the Public Utilities Regulatory Authority to issue an appropriate protective order and to allow only for public disclosure of data in redacted and aggregated formats that will not reveal the terms of individual transactions.

Second, we believe the reporting requirements are overly broad in that they will require the reporting of transactions from every seller to every buyer of certificates that happen to qualify in Connecticut but have no other connection to the State. This means that a generator located in a state outside Connecticut selling certificates to a retail supplier who intends to use those certificates for retail sales in a state other than Connecticut must both report the transaction on a monthly basis to the Authority merely because the

certificates also happen to qualify for use in Connecticut. This strikes us as burdensome and intrusive and may well lead to some generators avoiding certification and qualification in Connecticut altogether to avoid the reporting burden. To the extent the Committee retains the proposed Section 12 we recommend that it be limited to the reporting of sales of certificates that are either generated in Connecticut or used for compliance in connection with retail sales in Connecticut. We also recommend that this information be collected on an annual, rather than a monthly basis, as many certificate purchases will not be assigned to a retail transaction until the date that portfolio compliance reports are submitted.

Conclusion

As you deliberate Raised Bill 6532 please consider making the proposed addition to Section 10 and removing, or at least modifying, proposed Section 12. I would be happy to provide the Committee with proposed language to make these changes or to assist in any other way I can.

Thank you.